

Transportation Pricing Statement and Context

Transportation Pricing Subgroup

As recognized by the first Climate Action Team (CAT), there is an opportunity, especially in urban areas, to use transportation pricing as a tool to help meet transportation system financing needs, to create opportunities to move people and goods more efficiently, *and to* reduce greenhouse gases and vehicle miles travelled. The Transportation Implementation Working Group (TIWG) under its mandate from the CAT has the responsibility to:

- Identify potential transportation pricing strategies
- Identify key implementation considerations
- Identify the Greenhouse Gas (GHG) and Vehicle Miles Traveled (VMT) reduction potential of transportation pricing strategies
- Identify relationship of transportation pricing strategies to other TIWG strategies
- Identify impacts to vulnerable constituencies and mitigation options (Per HB 2815 Section 8)

The TIWG understands that transportation pricing is a complicated issue with significant political, social, environmental, and economic ramifications. The TIWG is not the decision maker for implementation and the TIWG understands that implementation is a significant undertaking. Even the strategy of implementation itself reflects a tension between a broad enough implementation to generate benefits with moving too aggressively and getting ahead of what society is likely to accept. Notwithstanding all of the complicated implementation considerations, if Washington State is going to meet its greenhouse gas and vehicle miles traveled reduction benchmarks, it isn't a matter if, but when and how transportation pricing strategies are implemented¹ and what role they play in the portfolio of VMT/GHG reduction strategies.

GHG and VMT Reduction as a Transportation Pricing Policy Objective

The TIWG has been charged with assessing the fiscal, economic, social and ecological viability/impacts of transportation pricing strategies when VMT and GHG reduction is placed as the highest policy priority. The TIWG recognizes that VMT/GHG reduction is a new policy objective in transportation system development – but not a replacement for the other priorities and drivers. For any given system, it's impossible to maximize all of the parameters as a result, the TIWG believes that when implemented transportation pricing strategies must strike some balance between, system efficiency, economic impact, and now, with emphasis, environmental responsibility.

1. Environmental Responsibility – The climate change benchmarks set by the Legislature and Governor will require significant GHG reductions from the transportation sector - almost 50% of statewide greenhouse gas emissions come from the transportation

¹ Reference expected GHG/VMT reductions from other strategies

sector. Environmental responsibility is a new policy objective and for the purposes of the TIWG documentation, the assumption is that this policy objective is prioritized.

2. System Efficiency - The most common goal of any transportation system is to efficiently move goods and people. To the extent that pricing strategies reduce congestion (improve efficiency), they will work to reduce wasteful fuel consumption and GHG emissions. Further, simply adding capacity is not likely to be a financially feasible option, so managing existing and future capacity as efficiently as possible will need to be a priority to avoid gridlock. The assurance of system efficiency is critical to preserve economic growth so goods can be moved and commerce can function effectively and a compelling reason for societal acceptance of transportation pricing strategies

3. Economic Impact - Transportation pricing will likely change the economics for certain citizens and sectors. The transportation system must consider this as part of its service offerings -- not all people will be able to afford to use single occupant vehicles or spend the time stuck in traffic and will need society to provide efficient, cost effective transportation options that work for them. At the same time, travel is essential for making a living and enjoying a quality life, and not all travel needs can be reasonably or effectively served by transit, so using the system must not be made so expensive that significant parts of our society are priced out of their jobs and other social opportunities.

Funding Considerations

There is not enough revenue to meet the current demand for transportation projects – this includes all aspects of the transportation system from operations and maintenance to capacity and transit capital expenditures. Many consider transportation pricing a new source of revenue. However, for the purposes of the TIWG, the primary policy objective is considering how transportation pricing strategies can reduce VMT/GHG emissions, not increasing revenue.

On the cost side, there are costs associated with implementing and operating a transportation pricing system. Integrating a transportation pricing strategy into the larger transportation system is likely to increase demand for alternatives, like transit. If the demand is met with requisite supply, this increase in supply will be at some monetary cost. The issue of how to pay for the cost of increasing service to provide alternatives is larger and more complicated than how revenue generated from a transportation pricing strategy is used. However, the TIWG believes that in the long-term there should be a link between the revenue generated from the transportation pricing strategy and funding an increase in service alternatives.